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Message Text

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67
ACTION STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 STRE-00 AF-08 EA-07 EUR-12

NEA-10 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 FEA-01 OIC-02 /134 W
---------- 031654
R 091748Z NOV 76
FM USDEL MTN GENEVA
TO SECSTATE WASHDC 2048
INFO AMEMBASSY BRASILIA

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E.O. 11652: N/A
TAGS: ETRD; MTN
SUBJECT: QR CONSULTATIONS WITH BRAZIL

ACTION STR

H PASS CODEL

REF: MTN GENEVA 7828

1. US (NEWKIRK, KOENING ET AL) HELD CONSULTATIONS WITH BRAZIL (MADEIROS) ON NOVEMBER 4, 1976, UNDER THE PROCEDURES OF THE QUANTITATIVE RESTRICTIONS SUB-GROUP. US AND BRAZIL AGREED THAT CONSULTATIONS WERE FOR PURPOSE OF CLARIFYING THE EXISTING SITUATION WITH REPECT TO THE QRS NOTIFIED BY EACH SIDE. US DEL NOTED BRAZILIAN AGREEMENT TO MEET WITH US AFTER EARLIER REFUSALS REPRE-SENTED POSITIVE STEP IN NEGOTIATIONS.

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2. US DEL WENT THROUGH THE BRAZILIAN NOTIFICATIONS

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OF ALLEGED US IMPORT RESTRICTIONS ON AGRICULTURAL
PRODUCTS AND EXPLAINED THAT EXCEPT FOR MEAT, SUGAR AND
PRODUCTS WITH DAIRY INGREDIENTS QR'S ARE NOT APPLIED.
BRAZILIAN DEL NOTED US EXPLANATIONS AND COULD NOT,
IN GENERAL, PROVIDE INDICATION OF WHAT THEIR SPECIFIC
PROBLEMS OR INTERESTS WERE. NOR COULD BRAZILIAN DEL
RESPOND TO US ASSERTION THAT THERE IS NO BRAZILIAN PRO-
DUCTION OF SEVERAL PRODUCTS NOTIFIED, INCLUDING THE ONLY
FOUR PRODUCTS COVERED BY TSUS 182.98 SUBJECT TO QUOTA.
BRAZILIAN DEL DID INDICATE, HOWEVER, THAT OF THE ITEMS
NOTIFIED UNDER BTN 20.02 THEIR MAIN INTEREST WAS IN TSUS
144.20.60 - MUSHROOMS IN CONTAINERS HOLDING OVER 9 OZ.

A) STAINLESS STEEL: US EXPLAINED THAT QUOTAS RECENTLY
IMPOSED BY US ON IMPORTS OF CERTAIN STAINLESS
STEEL ITEMS WERE TAKEN UNDER AN GATT ARTICLE XIX ACTION AND
THAT THE ALLOCATION OF QUOTAS IS CONSISTENT WITH GATT
ARTICLE XIII. US INDICATED THAT THE BASKET QUOTA FOR ALL
OTHER SUPPLIERS IN WHICH BRAZILIAN IMPORTS FELL WAS MORE
THAN SUFFICIENT TO ACCOMMODATE THE SMALL QUANTITY OF
STAINLESS STEEL PRODUCTS IMPORTED BROM BRAZIL AND ASKED
IF THERE WERE ANY SPECIFIC PROBLEMS ENCOUNTERED WITH THE
US QUOTA. BRAZIL RESPONDED THAT THEY DID NOT KNOW IF THEY
HAD ANY PARTICULAR PROBLEMS GIVEN THE SAMLL LEVEL OF TRADE.

B) SOCCER BALLS: US INDICATED THAT WE MAINTAIN NO RE-
STRICTIONS ON EITHER IMPORTS OR EXPORTS FOR THESE ITEMS,
AND BRAZIL WAS UNABLE TO INDICATE ANY SPECIFIC PROBLEMS
IN THIS AREA.

3. AT THE BEGINNING OF THE DISCUSSION OF US NOTIFICA-
TIONS ON BRAZILIAN QRS, THE US OBSERVED THAT ITS ORI-
GINAL NOTIFICATION WAS OF A GENERAL NATURE COVERING
TYPES OF RESTRICTIVE IMPORT SYSTEMS. WORK HAS BEEN
UNDERWAY IN THE US TO COMPILE MORE REFINED NOTIFICA-
TIONS ON PARTICULAR PRODUCTS, AND THE US HAD SENT SUCH
A REFINED NOTIFICATION TO BRAZIL IN JULY 1976 WITH
RESPECT TO SPECIFIC AGRICULTURAL PRODUCTS.

4. THE DISCUSSION OF BRAZIL'S IMPORT RESTRICTIVE
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SYSTEMS WAS AS FOLLOWS:

A) LICENSING SYSTEM: BRAZIL EXPLAINED THAT ITS IM-
PORT LICENSING SYSTEM, AS A GENERAL MATTER, WAS AUTOMATIC,
PERMITTING IMPORTS TO ENTER BRAZIL FREELY. THE
LICENSING SYSTEM IS NON-DISCRIMINATORY AND USED FOR SUR-
VEILLANCE AND STATISTICAL PURPOSES. BRAZIL ACKNOWLEDGED
THAT NEW RESTRICTIONS HAD BEEN ADOPTED IN THE LAST YEAR

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UNDER CACEX REGULATION 556 PROHIBITING THE IMPORTS OF CERTAIN PRODUCTS. SINCE THESE NEW MEASURES HAVE BEEN DISCUSSED IN THE GATT, BRAZIL BELIEVES THAT THESE MEASURES SHOULD NOT COME UNDER THE PURVIEW OF THE MTN. MADEIROS HAD NO INDICATION AS TO WHETHER THESE NEW RESTRICTIVE MEASURES WILL BE LIBERALIZED BEFORE DECEMBER 1976 WHEN THEY ARE DUE TO EXPIRE. US RESPONDED THAT BRAZILIAN CURRENT USE OF "AUTOMATIC" LICENSING TO RESTRICT IMPORTS WAS GOOD EXAMPLE OF REASONS FOR US OPPOSITION TO "AUTOMATIC" SYSTEMS.

B) LAW OF SIMILARS: MADEIROS STATED THAT BRAZIL'S LAW OF SIMILARS FAVORS IMPORTS BY PROVIDING AN EXEMPTION FROM REGULAR TARIFFS AND THAT "SIMILAR" PRODUCTS ARE SUBJECT TO NORMAL TARIFF RATE. IN RESPONSE TO US QUESTION, BRAZIL ACKNOWLEDGED THAT IMPORTS ENJOYING SUCH TARIFF EXEMPTION MAY NOT BE PURCHASED BY BRAZILIAN GOVERNMENT AGENCIES AND ARE NOT ELIGIBLE FOR ANY SORT OF GOVERNMENT FINANCING, GOVERNMENT FINANCIAL CONCESSIONS OR FOREIGN FINANCING HANDLED BY A GOB AGENCY.

C(MIXING REGULATIONS: MADEIROS STATED THAT HE HAD NO INFORMATION WITH RESPECTO BRAZILIAN MIXING REGULATIONS AND WOULD GET BACK TO US DEL ON THIS QUESTION.

5. DISCUSSION OF THE SPECIFIC AGRICULTURAL NOTIFICATIONS MADE BY THE US IN JULY 1976 WAS AS FOLLOWS:

A) THE BRAZILIAN DEL SAID THAT THE FOLLOWING ITEMS, BTN 08.02 DATES, 08.04 GRAPES, 08.04 RAISINS, 08.05 WALNUTS IN SHELL, 08.05 ALMINDS, 08.06 APPLES AND PEARS, AND 08.12 DRIED PRUNES WERE ALL SUBJECT, "IN NORMAL TIMES" TO THE AUTOMATIC LICENSING SYSTEM BUT ARE NOW PROHIBITED FOR BAL-
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ANCE OF PAYMENTS REASONS UNDER CACEX REGULATION 556. IN RESPONSE TO QUESTION CONCERNING A CHECK ON IMPORTS OF PEAS AND BEANS (07.05) THROUGH SOME SORT OF PRICE REVIEW PROCEDURE, THE BRAZILIAN DEL ADMITTED THAT THERE HAD BEEN "FLUCTUATIONS" IN THE PAST IN THAT MARKET AND THAT HE WOULD INQUIRE ABOUT ANY ADDITIONAL RESTRICTIONS ON THESE PRODUCTS.

B) IN REGARD TO SEEDS (12.03) THE BRAZILIAN DEL

SAID THAT IN ADDITION TO THE NORMAL LICENSING PROCEDURE IT WAS ALSO NECESSARY TO GET APPROVAL FOR IMPORTATION FROM THE MINISTRY OF AGRICULTURE. BRAZILIAN DECREE 63-683 ON SEED IMPORTS WAS DESIGNED TO ASSURE THE IMPORTATION OF SEEDS MEETING VARIOUS TECHNICAL CRITERIA. HE SAID THAT

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HOPS (12.06) IS SUBJECT ONLY TO AUTOMATIC LICENSING, NOT DISCRETIONARY LICENSING, AND THAT IMPORTS OF UNMANUFACTURED TOBACCO (24.01) ARE NOT PROHIBITED, ALTHOUGH MANUFACTURED TOBACCO (24.02) IS ON THE PROHIBITION LIST FOR BOP REASONS.

6. BOTH SIDES EXPRESSED APPRECIATION FOR CLARIFICATION OF THE FACTS ON THE EXISTING QRS. US DEL WILL PREPARE DRAFT SUMMARY NOTES AND BE IN CONTACT WITH BRAZILIAN DEL WITH THE POSSIBILITY OF SUBMITTING AGREED SUMMARY NOTES ON THE CONSULTATION.WALKER

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Disposition Approved on Date:
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